98TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 98-376

INTERNATIONAL COFFEE AGREEMENT, 1983

SEPTEMBER 22, 1983.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 3813]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 3813) to amend the International Coffee Agreement Act of 1980, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

SUMMARY AND JUSTIFICATION

H.R. 3813 amends the International Coffee Agreement Act of 1980 (19 U.S.C. 1356K) by extending until 1985 the authority of the President to implement U.S. obligations under the International Coffee Agreement (ICA). The ICA, which was recently ratified by the Senate, is an international agreement among exporting and importing countries designed to promote stable trade in coffee. The recently ratified agreement is the fifth in a series of such agreements, and would extend through 1989. The previous agreement was concluded in 1976, but implementing authority was not passed by Congress until 1980. The 1980 act provides authority for U.S. implementation of its treaty obligations, including use of import measures to enforce the agreement's export quotas on member countries and to prevent imports from nonmembers. The 1980 act also provides that the President shall seek to protect American consumers against unwarranted price increases resulting from market manipulation by ICA members, and requires annual reports on the operation of the ICA.

The purpose of H.R. 3813 is to permit enforcement of the new ICA, which will enter into force on October 1, 1983, on terms identical to those which have been applicable since the 1980 act was adopted. The committee favors straight renewal of the 1980 act because the new agreement retains the basic provision of the 1976 agreement—export

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quotas, stockpiling requirements, and agreed price ranges for imposition or removal of export quotas. These measures are designed to keep world coffee prices within an acceptable range and to maintain supply and demand equilibrium. The agreement also retains the consumer provisions which were included in the 1976 agreement and in fact contains several improvements which give importing countries greater control over export quotas.

While the subcommittee remains concerned over the potentially adverse effects of international commodity agreements on consumer prices, there appear to be sufficient safeguards in the ICA and its implementing legislatiin to protect consumer interests. The United States and other consuming nations retain sufficient voting power to prevent unwarranted price increases. Furthermore, the 1980 act requires supervision of U.S. implementation in the event of price manipulation by exporting states. Considering these safeguards, and given the importance of the agreement in maintaining stable commodity prices and protecting our own coffee producers against drastic price fluctuations, the subcommittee believes that continued U.S. participation in the agreement is warranted. However, the subcommittee believes that implementing authority should only be extended for 2 years, thus permitting review of the new agreement and its effect on the U.S. market in early 1985.

Committee Action

The Subcommittee on Trade held public hearings on H.R. 3813 and on the terms of the new ICA on September 19, 1983. Testimony was received from the Office of the U.S. Trade Representative and the Department of State. On September 19 the subcommittee ordered the bill reported to the full committee by voice vote. On September 20 the Committee on Ways and Means ordered H.R. 3813 favorably reported by voice vote.

Description of Provisions

H.R. 3813 contains a single section which amends sections 2, 3, and 5 of the International Coffee Agreement Act of 1980. These amendments change the expiration date of the President's implementing authority from October 1, 1983, to October 1, 1985, and replace references to the "International Coffee Agreement of 1976" with references to the "International Coffee Agreement of 1983." There are no other substantive changes in the 1980 act.

Vote of Committee in Reporting the Bill

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote of the committee in reporting the bill: H.R. 3813 was by voice vote ordered favorably reported by the committee.

Oversight Findings

Pursuant to clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the committee makes the following findings:

The committee, based on the oversight activities of the Subcommittee on Trade, has concluded that it would be desirable to enact H.R. 3813 by reason of the considerations outlined above.

In regard to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings or recommendations have been submitted to the committee by the Committee on Government Operations with respect to the subject matter contained in the bill.

Budgetary Authority and Cost Estimates, Including Estimates of Congressional Budget Office

In compliance with clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the committee states that H.R. 3813 does not provide any new budget authority or any new or increased tax expenditures.

In compliance with clause 7(a) of rule XIII and clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the committee provides below information furnished by the Congressional Budget Office on H.R. 3813, and required to be included herein:

U.S. Congress,
Congressional Budget Office,
Washington, D.C., September 21, 1983.

Hon. Sam Gibbons,
Chairman, Subcommittee on Trade, House Ways and Means Committee, U.S. House of Representatives, Washington, D.C.

Dear Mr. Chairman: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared a cost estimate on H.R. 3813, an amendment to the International Coffee Agreement Act, as ordered reported by the House Ways and Means Committee on September 19, 1983.

Should the committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

Rudolph G. Penner, *Director.*

Estimated Cost to the Federal Government

Under current law, U.S. participation in the ICA requires Federal outlays for two purposes:

(1) The United States membership in the International Coffee Organization. The ICA permits the International Coffee Organization to assess contributions from member nations to pay for the expenses of the Organization. The agreement, however, does not authorize appropriations for contributions from the United States. In the past, such payments have been authorized in previous annual State Department authorization bills. The State Department authorization bills for 1984 (H.R. 2915), (S. 1342) include about $700,000 for such payments.

(2) Regulatory costs to the U.S. Customs for the purposes of implementing the import and export provisions specified in the 1980 act. The Customs Bureau estimates that approximately 20 full-time

individuals are employed for the purposes of enforcing the provisions in the ICA. This would amount to a total cost of approximately $600,000 for the fiscal year 1984. In the past, such payments have been authorized in the annual authorization for appropriation for the Customs Bureau.

Inflationary Impact

With respect to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the committee states that H.R. 3813 would not have an inflationary impact on prices and costs in the operation of the general economy.

Changes in Existing Law Made by the Bill, As Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

International Coffee Agreement Act of 1980

IMPORTATION OF COFFEE UNDER INTERNATIONAL COFFEE AGREEMENT 1976; PRESIDENTIAL POWERS AND DUTIES

Sec. 2. On and after the entry into force of the International Coffee Agreement [1976,] *1983*, and [for such period prior to October 1, 1983 as the agreement remains in effect,] *before October 1, 1985*, the President is authorized, in order to carry out and enforce the provisions of that agreement—

(1) to regulate the entry of coffee for consumption, or withdrawal of coffee from warehouse for consumption, or any other form of entry or withdrawal of coffee such as for transportation or exportation, including whenever quotas are in effect pursuant to the agreement, (A) the limitation of entry, or withdrawal from warehouse, of coffee imported from countries which are not members of the International Coffee Organization, and (B) the prohibition of entry of any shipment from any member of the International Coffee Organization of coffee which is not accompanied either by a valid certificate of origin, a valid certificate of reexport, a valid certificate of reshipment, or a valid certificate of transit, issued by a qualified agency in such form as required under the agreement;

(2) to require that every export or reexport of coffee from the United States shall be accompanied by a valid certificate of origin or a valid certificate of reexport, issued by a qualified agency of the United States designated by him, in such form as required under the agreement;

(3) to require the keeping of such records, statistics, and other information, and the rendering of such reports, relating to the importation, distribution, prices, and consumption of coffee as he may from time to time prescribe; and

(4) to take such other action, and issue and enforce such rules and regulations, as he may consider necessary or appropriate in order to implement the obligations of the United States under the agreement.

DEFINITION OF COFFEE

SEC. 3. As used in this Act, the term "coffee" means coffee as defined in article 3 of the International Coffee Agreement [1976.] *1983.*

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REPORT TO THE CONGRESS

SEC. 5. The President shall submit to the Congress an annual report on the International Coffee Agreement [1976.] *1983.* Such report shall contain full information on the operation of such agreement, including full information with respect to the general level of prices of coffee and matters pertaining to the transportation of coffee from exporting countries to the United States. The report shall also include a summary of the actions the United States and the International Coffee Organization have taken to protect the interest of United States consumers.

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